

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	June 30, 2017	March 31, 2017	December 31, 2016
	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 22,972	\$ 19,152	\$ 21,734
Marketable securities	37,624	41,676	44,453
Accounts receivable, net	28,154	26,191	27,418
Income taxes receivable	112	99	125
Prepaid expenses and other current assets	4,121	3,989	4,865
Total current assets	92,983	91,107	98,595
Property and equipment, net	30,415	30,204	30,352
Marketable securities, less current portion	40	40	40
Deferred income taxes	1,307	1,193	1,105
Goodwill	77,032	76,702	76,243
Other assets	1,802	1,806	1,794
Total assets	\$ 203,579	\$ 201,052	\$ 208,129
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 10,763	\$ 8,558	\$ 8,790
Deferred revenue	1,741	1,845	2,138
Income taxes payable	334	193	188
Provision for litigation	18,000	18,000	18,000
Other current liabilities	12,722	10,600	12,836
Total current liabilities	43,560	39,196	41,952
Deferred income taxes	147	154	152
Deferred revenue, less current portion	15	13	22
Provision for litigation, less current portion	18,000	22,500	27,000
Other long-term liabilities	1,057	1,238	1,435
Total liabilities	62,779	63,101	70,561
Commitments and contingencies			
Stockholders' equity:			
Convertible preferred stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding	-	-	-
Common stock, \$0.001 par value; 300,000 shares authorized; 109,248, 107,979 and 107,059 shares issued and outstanding at June 30, 2017, March 31, 2017 and December 31, 2016, respectively	109	108	107
Additional paid-in capital	497,018	493,567	490,819
Accumulated other comprehensive loss	(9,045)	(10,067)	(11,038)
Accumulated deficit	(347,282)	(345,657)	(342,320)
Total stockholders' equity	140,800	137,951	137,568
Total liabilities and stockholders' equity	\$ 203,579	\$ 201,052	\$ 208,129

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended				Six Months Ended			
	June 30, 2017	March 31, 2017	Percent Change	June 30, 2016	Percent Change	June 30, 2017	June 30, 2016	Percent Change
Revenues	\$ 45,370	\$ 44,735	1%	\$ 43,560	4%	\$ 90,105	\$ 84,982	6%
Cost of revenue:								
Cost of services (1)	19,464	19,007	2%	20,271	-4%	38,471	40,380	-5%
Depreciation - network	4,531	4,557	-1%	4,489	1%	9,088	9,157	-1%
Total cost of revenue	<u>23,995</u>	<u>23,564</u>	2%	<u>24,760</u>	-3%	<u>47,559</u>	<u>49,537</u>	-4%
Gross profit	21,375	21,171	1%	18,800	14%	42,546	35,445	20%
Gross profit percentage	47.1%	47.3%		43.2%		47.2%	41.7%	
Operating expenses:								
General and administrative (1)	6,804	8,514	-20%	7,241	-6%	15,319	14,049	9%
Sales and marketing (1)	8,997	9,267	-3%	8,117	11%	18,265	17,020	7%
Research & development (1)	6,715	6,220	8%	6,289	7%	12,934	12,614	3%
Depreciation and amortization	597	589	1%	626	-5%	1,186	1,249	-5%
Provision for litigation	-	-	NA	54,000	NA	-	54,000	NA
Total operating expenses	<u>23,113</u>	<u>24,590</u>	-6%	<u>76,273</u>	-70%	<u>47,704</u>	<u>98,932</u>	-52%
Operating loss	(1,738)	(3,419)	-49%	(57,473)	-97%	(5,158)	(63,487)	-92%
Other income (expense):								
Interest expense	(10)	(14)	-29%	(279)	-96%	(24)	(459)	-95%
Interest income	121	117	3%	8	1413%	239	14	1607%
Other, net	153	87	76%	(79)	-294%	241	321	-25%
Total other income (expense)	<u>264</u>	<u>190</u>	39%	<u>(350)</u>	-175%	<u>456</u>	<u>(124)</u>	-468%
Loss before income taxes	(1,474)	(3,229)	-54%	(57,823)	-97%	(4,702)	(63,611)	-93%
Income tax expense	151	108	40%	115	31%	260	273	-5%
Net loss	<u>(1,625)</u>	<u>(3,337)</u>	-51%	<u>(57,938)</u>	-97%	<u>(4,962)</u>	<u>(63,884)</u>	-92%
Net loss per share:								
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>		<u>\$ (0.56)</u>		<u>\$ (0.05)</u>	<u>\$ (0.62)</u>	
Weighted average shares used in per share calculation:								
Basic and diluted	108,422	107,363		103,904		107,893	103,299	

(1) Includes share-based compensation (see supplemental table for figures)

LIMELIGHT NETWORKS, INC.
SUPPLEMENTAL FINANCIAL DATA
(In thousands)
(Unaudited)

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>June 30, 2017</u>	<u>March 31, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Share-based compensation:					
Cost of services	\$ 364	\$ 359	\$ 436	\$ 723	\$ 909
General and administrative	1,674	1,534	1,677	3,208	10,274
Sales and marketing	617	620	638	1,237	1,375
Research and development	600	562	542	1,162	1,002
Total share-based compensation	<u>\$ 3,255</u>	<u>\$ 3,075</u>	<u>\$ 3,293</u>	<u>\$ 6,330</u>	<u>\$ 13,560</u>
Depreciation and amortization:					
Network-related depreciation	\$ 4,531	\$ 4,557	\$ 4,489	\$ 9,088	\$ 9,157
Other depreciation and amortization	597	589	620	1,186	1,237
Amortization of intangible assets	-	-	6	-	12
Total depreciation and amortization	<u>\$ 5,128</u>	<u>\$ 5,146</u>	<u>\$ 5,115</u>	<u>\$ 10,274</u>	<u>\$ 10,406</u>
Net increase (decrease) in cash, cash equivalents and marketable securities:	<u>\$ (232)</u>	<u>\$ (5,359)</u>	<u>\$ 6,744</u>	<u>\$ (5,591)</u>	<u>\$ (42,117)</u>
End of period statistics:					
Approximate number of active customers	779	813	904	779	904
Number of employees and employee equivalents	533	528	512	533	512

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating activities					
Net loss	\$ (1,625)	\$ (3,337)	\$ (57,938)	\$ (4,962)	\$ (63,884)
Adjustments to reconcile net loss to net cash provided by operating activities:					
Depreciation and amortization	5,128	5,146	5,115	10,274	10,406
Share-based compensation	3,255	3,075	3,293	6,330	6,789
Provision for litigation	-	-	54,000	-	54,000
Foreign currency remeasurement loss	290	289	467	579	166
Deferred income taxes	(94)	(50)	(68)	(144)	14
Gain on sale of property and equipment	(17)	(75)	(134)	(92)	(134)
Accounts receivable charges (recoveries)	241	249	83	490	(33)
Amortization of premium on marketable securities	80	83	-	163	19
Realized loss on sale of marketable securities	-	-	-	-	32
Changes in operating assets and liabilities:					
Accounts receivable	(2,204)	978	2,497	(1,226)	1,957
Prepaid expenses and other current assets	(47)	914	(191)	867	3,392
Income taxes receivable	(8)	29	51	21	38
Other assets	11	(3)	166	8	508
Accounts payable and other current liabilities	3,861	(1,160)	1,566	2,701	(2,439)
Deferred revenue	(101)	(302)	(934)	(403)	(461)
Income taxes payable	138	(4)	72	134	(55)
Payments for provision for litigation	(4,500)	(4,500)	-	(9,000)	-
Other long term liabilities	(185)	(197)	(1,237)	(382)	(337)
Net cash provided by operating activities	<u>4,223</u>	<u>1,135</u>	<u>6,808</u>	<u>5,358</u>	<u>9,978</u>
Investing activities					
Purchases of marketable securities	(2,993)	(4,526)	-	(7,519)	-
Sale and maturities of marketable securities	6,994	7,250	-	14,244	28,315
Change in restricted cash	-	-	-	-	(62,790)
Purchases of property and equipment	(4,733)	(5,745)	(259)	(10,478)	(1,680)
Proceeds from sale of property and equipment	22	58	-	80	-
Net cash used in investing activities	<u>(710)</u>	<u>(2,963)</u>	<u>(259)</u>	<u>(3,673)</u>	<u>(36,155)</u>
Financing activities					
Principal payments on capital lease obligations	-	-	(319)	-	(478)
Payment of employee tax withholdings related to restricted stock vesting	(880)	(1,036)	(298)	(1,916)	(944)
Proceeds from line of credit	-	-	-	-	12,790
Proceeds from employee stock plans	1,077	111	813	1,188	856
Net cash provided by (used in) financing activities	<u>197</u>	<u>(925)</u>	<u>196</u>	<u>(728)</u>	<u>12,224</u>
Effect of exchange rate changes on cash and cash equivalents	110	171	(1)	281	158
Net increase (decrease) in cash and cash equivalents	<u>3,820</u>	<u>(2,582)</u>	<u>6,744</u>	<u>1,238</u>	<u>(13,795)</u>
Cash and cash equivalents, beginning of period	<u>19,152</u>	<u>21,734</u>	<u>24,141</u>	<u>21,734</u>	<u>44,680</u>
Cash and cash equivalents, end of period	<u>\$ 22,972</u>	<u>\$ 19,152</u>	<u>\$ 30,885</u>	<u>\$ 22,972</u>	<u>\$ 30,885</u>

LIMELIGHT NETWORKS, INC.
Reconciliation of U.S. GAAP Net Loss to Non-GAAP Net Income (Loss)
(In thousands)
(Unaudited)

	Three Months Ended						Six Months Ended			
	June 30, 2017		March 31, 2017		June 30, 2016		June 30, 2017		June 30, 2016	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net loss	\$ (1,625)	\$ (0.01)	\$ (3,337)	\$ (0.03)	\$ (57,938)	\$ (0.56)	\$ (4,962)	\$ (0.05)	\$ (63,884)	\$ (0.62)
Provision for litigation	-	-	-	-	54,000	0.52	-	-	54,000	0.52
Share-based compensation	3,255	0.03	3,075	0.03	3,293	0.03	6,330	0.06	6,789	0.07
Litigation expenses	1,276	0.01	1,909	0.02	1,271	0.01	3,185	0.03	2,449	0.02
Amortization of intangible assets	-	-	-	-	6	0.00	-	-	12	0.00
Non-GAAP net income (loss)	<u>\$ 2,906</u>	<u>\$ 0.03</u>	<u>\$ 1,647</u>	<u>\$ 0.02</u>	<u>\$ 632</u>	<u>\$ 0.01</u>	<u>\$ 4,553</u>	<u>\$ 0.04</u>	<u>\$ (634)</u>	<u>\$ (0.01)</u>
Weighted average shares used in per share calculation		108,422		107,363		103,904		107,893		103,299

LIMELIGHT NETWORKS, INC.
Reconciliation of U.S. GAAP Net Loss to EBITDA to Adjusted EBITDA
(In thousands)
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
U.S. GAAP net loss	\$ (1,625)	\$ (3,337)	\$ (57,938)	\$ (4,962)	\$ (63,884)
Depreciation and amortization	5,128	5,146	5,115	10,274	10,406
Interest expense	10	14	279	24	459
Interest and other (income) expense	(274)	(204)	71	(480)	(335)
Income tax expense	151	108	115	260	273
EBITDA	\$ 3,390	\$ 1,727	\$ (52,358)	\$ 5,116	\$ (53,081)
Provision for litigation	-	-	54,000	-	54,000
Share-based compensation	3,255	3,075	3,293	6,330	6,789
Litigation expenses	1,276	1,909	1,271	3,185	2,449
Adjusted EBITDA	<u>\$ 7,921</u>	<u>\$ 6,711</u>	<u>\$ 6,206</u>	<u>\$ 14,631</u>	<u>\$ 10,157</u>

Limelight Networks, Inc.
2017 Guidance

	2017 Guidance		
	July 26, 2017	April 24, 2017	February 8, 2017
Revenue	\$180 to \$182 million	\$177 to \$181 million	\$175 to \$180 million
Gross margin percentage	Expansion of 300 basis points over 2016	Expansion of 200 basis points over 2016	Expansion of more than 150 basis points over 2016
Non-GAAP EPS	\$0.05 to \$0.07	\$0.03 to \$0.06	\$0.02 to \$0.06
Adjusted EBITDA	\$24 to \$28 million	\$23 to \$27 million	\$22 to \$27 million
Capital expenditures	Approx. \$20 million	Approx. \$20 million	Approx. \$20 million